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March 28, 2003

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: *In the Matter of Application of SBC Communications Inc., Michigan Bell Telephone Company, and Southwestern Bell Communications Services, Inc. for Provision of In-Region, InterLATA Services in Michigan, WC Docket No. 03-16 – Ex Parte Filing*

Dear Ms. Dortch:

AT&T Corp. ("AT&T") respectfully submits this ex parte letter and attachments to respond to certain questions from Commission Staff, to further update the record on several line splitting developments and to respond briefly to some of the arguments raised in SBC's March 24th ex parte submission.¹

1. Legal Significance.

Although AT&T will develop these points in some detail below, one overarching fact is clear: SBC's repeated representations both to the Michigan PSC and to this Commission about its ability to support line splitting are not true. The reality is that SBC has not yet developed either the accurate documentation or the supporting processes needed to permit competitors to compete with SBC using line splitting.

This failure is a fully sufficient reason, both from a competitive perspective and as a matter of law, to warrant rejection of SBC's application. From a competitive perspective, AT&T (and other voice competitors) must have the means to offer a combined voice/data service package if they are to compete for the ever-growing number of SBC residential local service customers who are receiving combined voice/data service from SBC. The Department of Justice

¹ See Ex Parte Letter from Geoffrey M. Klineberg to Marlene H. Dortch, Att. A (March 24, 2003).

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(“DOJ”) has noted the desirability of fostering competition for combined voice/DSL service,² which is now entirely dominated by SBC, and developing a mass of such customers is indeed critical to the long-term future of voice competition. For AT&T to offer a competing package of voice and data service to SBC’s customers, however, SBC must be able to support line-splitting on a timely and accurate basis, without service interruption, and in commercial volumes. Specifically, SBC must provide nondiscriminatory support for AT&T’s requests to move SBC voice/data customers to an AT&T line-splitting arrangement, as well as to move UNE-P customers to line-splitting, or to transition line-splitting customers back to UNE-P.

SBC’s inability to support these transactions on a nondiscriminatory basis violates its obligations under sections 251 and 271 of the Communications Act to provide nondiscriminatory access to the local loop. SBC is clearly able to work effectively with its DSL affiliate to combine SBC’s loops with the affiliate’s data service to provide a package of voice and data service. To comply with its nondiscrimination obligation under section 251, SBC must make unbundled loops available to AT&T in a manner that provides AT&T with similar ability to provide a bundled voice/data service. SBC cannot validly claim to be unaware of this obligation. And SBC itself understood that it had this obligation, as part of the showing required for interLATA authorization under section 271, to demonstrate that it is providing CLECs with nondiscriminatory access to line splitting.³ Given this background, the stark evidence that SBC has not, in fact, developed nondiscriminatory and functional support for line-splitting is both a sufficient and important basis on which to reject this application.

² See DOJ Evaluation at 14.

³ See SBC Application at 66 & Chapman Aff. ¶¶ 82-88 (arguing that SBC satisfies the checklist because it supports line splitting); see also *Line Sharing Reconsideration Order*, 16 FCC Rcd 2101, ¶ 18 (2001) (holding that the Commission’s rules implementing section 251(c) and the definition of “network element” mandate that “incumbent LECs have a current obligation to provide competing carriers with the ability to engage in line splitting arrangements”); *id.* ¶ 19 (finding that “incumbent LECs have an obligation to permit competing carriers to engage in line splitting using the UNE-platform where the competing carrier purchases the entire loop and provides its own splitter.”).

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2. Line Sharing to Line Splitting.⁴

Operational Problems. SBC purports to allow CLECs to transition customers from line sharing to line splitting via “scenario 3,” which requires CLECs to submit three orders to SBC that are related via the RPON field. Relying in part on its experience in Texas, AT&T has previously shown that this “three RPON” requirement has been unworkable even on a manual basis and is wholly unsuitable (because of the requirement that the three orders be submitted within four hours of each other) to mass market competition. The evidence shows that SBC has repeatedly failed successfully to relate the separate orders, that such failures have caused erroneous order rejections, lengthy delays, and voice outages.⁵ This prior submission alone thus defeats SBC’s claim that “AT&T does not present any evidence that this process will not work”⁶

Nevertheless, there is now additional and compelling evidence that SBC has yet to implement a process that will provide CLECs with an effective and nondiscriminatory process for transitioning customers from line sharing to line splitting.⁷ After receiving several rejections from Michigan Bell (due to erroneous documentation), AT&T finally received a FOC for a line sharing to line splitting order with a due date of March 19. On that same day, however, AT&T’s customer reported to AT&T that he had lost dialtone. AT&T promptly submitted a trouble ticket to SBC for that line. AT&T also checked the order status and determined that SBC had completed only one of the two internal service orders associated with the unbundled local switching conversion order that is necessary to complete that order. Specifically, the information from SBC’s ordering system showed that the “D” (disconnect) order had been worked, but that the “N” (new) order had not yet been worked. In fact, SBC’s notes indicate that the N order had been cancelled by SBC’s service order provisioning center, “but no one knows why.”⁸ AT&T’s

⁴ Although this scenario has been referred to in these proceedings as moving customers from “line sharing” to line splitting, the “line sharing” in reality is, in virtually all cases, an arrangement where SBC is providing both the voice service and (through a wholly owned data affiliate) the data service as well. As AT&T has previously explained, this latter arrangement is different than the “line sharing” arrangement involving ILEC voice and data provided by an unaffiliated data LEC that was the subject of the Commission’s *Line Sharing Orders*.

⁵ See DeYoung/Connolly Supp. Decl. ¶¶ 17, 20-26 (submitted as an Attachment to Ex Parte Letter from Alan C. Geolot to Marlene H. Dortch (March 19, 2003)).

⁶ SBC March 24 Ex Parte Letter, Attachment at 5.

⁷ Given this commercial evidence, SBC’s reliance on the BearingPoint test results is inapposite. See, e.g., DeYoung/Connolly Supp. Decl. ¶¶ 34-37 (discussing limited value of BearingPoint test on this issue); DeYoung/Connolly Opening Dec. ¶¶ 8-12.

⁸ The information provided to AT&T from SBC’s ordering system (with the customer’s name
(continued . . .)

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investigation also showed that, as of March 19, SBC had failed both to disconnect the customer's current SBC-provided data service and to provision the customer's new xDSL loop order. In short, the supposed "three-related order" approach had generated not a coordinated cutover to line-splitting, but chaos.

Also on March 19th, SBC technicians visited the customer's home at least twice. On the first occasion, the SBC truck was in front of the house for an extended period of time that the customer estimated to exceed an hour. The technicians were evidently working at the customer's NID, because the customer observed, after the first visit, that his NID box was open and wires were dangling from it. Later, the technicians returned and closed the box. Thus, not only did SBC fail properly to relate the RPON'd orders, it did not even understand that the trouble resulted from this failure rather than from some outside plant problem near the customer's premise.

On the morning of March 20, with the customer's voice service still disconnected, Walter Willard of AT&T got a call from an SBC technician at Michigan Bell, looking for some guidance on how to work on the customer's trouble ticket. The technician indicated to Mr. Willard that he did not understand why there were two CFAs associated with this particular AT&T order. Mr. Willard explained that the two different CFAs were required for line splitting orders (one for the loop and one for the port). The customer's voice service was restored sometime thereafter. It therefore appears that it was only after AT&T explained to SBC's technician how line splitting works that SBC was able to restore the customer's voice service.

This experience confirms AT&T's concern that the "three order process" would work no better in Michigan than the related or "RPON'd" data orders submitted in Texas. The process simply requires a level of internal coordination on SBC's part that SBC has yet to demonstrate it can achieve.

Even if SBC could develop, over time, the internal processes it needs to avoid delays and outages when it processes the three related orders it requires for moving customers from line sharing to line splitting, a second significant obstacle to nondiscriminatory processing would remain. As AT&T previously pointed out, SBC's separate requirement that these three orders be submitted within a four hour window independently precludes CLECs from being able to submit such orders in the volumes needed to compete effectively with SBC.⁹ Rather than provide any justification for its four-hour requirement, SBC merely argues that AT&T and Covad should be able to coordinate orders within a four-hour window. That cursory response

(... continued)

redacted) is attached hereto as Attachment 1.

⁹ DeYoung/Connelly Supp. Decl. ¶¶ 24.

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misses the point that systems design issues that exist on both sides of the interface and that reflect SBC's needs make the four-hour requirement unworkable.

Specifically, and as SBC well knows, AT&T does not release orders one at a time out of AT&T's gateway. Rather, the orders are queued and released at set intervals, which reflects not only both companies' systems requirements to facilitate EDI batch order processing but also the need for AT&T – often in response to SBC requests – to manage the volume of orders that move across the gateway at any one time. And like AT&T, SBC queues orders on its side of the gateway rather than releasing them into its legacy systems on a one-at-a-time basis. SBC's own queuing process – which CLECs obviously cannot control – is yet a further reason why SBC's four-hour requirement is unworkable.

Documentation. AT&T has already described the numerous errors in SBC's documentation that AT&T uncovered when it tried to submit an order to convert a line sharing arrangement to line splitting.¹⁰ In its March 24, 2003 *ex parte*, SBC does not deny that these documentation errors existed. Instead, SBC merely asserts that the errors had not “previously been identified, as no other CLEC had previously submitted orders for this scenario.”¹¹ SBC's excuse for its failure to provide adequate documentation on this scenario is astonishing, because it reveals its complete indifference to providing documentation that CLECs can use to place orders correctly. Rather than provide accurate documentation in the first instance, SBC's process appears to be an iterative one, whereby SBC places slipshod documentation on its website, and leaves it to CLECs to identify documentation errors in the course of their trial-and-error efforts to submit orders that will be accepted by SBC's OSS.

3. Line Splitting to UNE-P.

Operational Problems. AT&T has already shown that SBC's policy of requiring CLECs to order a new loop when disconnecting a customer's DSL service is discriminatory because SBC re-uses the existing loop when its data affiliate seeks to disconnect the data on its own customer's line.¹² SBC does not dispute that it re-uses its own loop in this circumstance,” and its March 24 *ex parte* letter confirms that SBC has no valid response to this issue. SBC simply repeats its prior justification – that the data LEC in a line-splitting arrangement “may have conditioned [the loop] to a point that makes the loop unsuitable for Michigan Bell voice service”¹³ As AT&T has previously explained, however, this objection cannot possibly justify SBC's categorical rule. It will rarely be the case that a line-splitting arrangement involves

¹⁰ See, e.g., DeYoung/Connelly Supp. Decl. ¶¶ 18-23.

¹¹ SBC March 24 Ex Parte Letter, Attachment at 7.

¹² See, e.g., AT&T March 19 Ex Parte Letter at 1 & DeYoung/Connelly Supp. Decl. ¶¶ 11-12.

¹³ SBC March 24 Ex Parte Letter, Attachment at 4.

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the provision of sub-standard voice service, and in all events, it is *SBC* that will provide any “conditioning” that the data LEC may request for the loop, and hence *SBC* that will know whether such conditioning is inconsistent with re-use of the loop for voice service.¹⁴

SBC also claims that the “no reuse” policy is not discriminatory because the comparison to what *SBC* does for itself is an “apples-to-oranges comparison.”¹⁵ But there is no material difference in the two scenarios, because *SBC* provides the conditioning for the xDSL loop regardless of whether that conditioning is requested by *SBC*’s data affiliate or by AT&T’s (or some other CLEC’s) data affiliate. *SBC* thus has not and cannot deny the key point: that either way, *SBC* will know whether the conditioning it has provided will interfere with the provision of voice grade service, and hence it has no basis to apply a categorical “no re-use” rule to CLECs that it concededly does not apply to itself.

Furthermore, *SBC* continues – without any justification – to confuse the matter by describing the service it provides through its affiliate as “line sharing.” As AT&T has noted above and elsewhere shown, *SBC*’s provision of voice/data service through its own affiliate is not “line sharing” as this Commission has used that term. The relevant comparison, for purposes of section 251 and this proceeding – is between the process *SBC* uses for itself and the process it imposes upon CLECs. *SBC*’s latest *ex parte* confirm that *SBC* has no valid justification for the costly, inefficient, and anticompetitive “no re-use” policy.

In any event, recent experience in Texas exposes the lie to *SBC*’s fictitious distinction between line sharing and line splitting. There, AT&T placed an order to convert an AT&T line splitting customer to an *SBC* retail voice-only customer. In that case, *SBC* did not change the loop and the customer experienced no outage in reverting back to *SBC* provided voice service. *Thus, even though the customer was previously served by a line splitting arrangement (so, under its theory, SBC could not be assured that the loop would meet SBC’s voice standards), SBC did not change the loop when the customer returned to SBC’s retail voice service.* The Texas experience confirms the real rule of thumb that *SBC* provides to these scenarios: if the customer is retaining UNE-P, the CLEC must order a new loop, but if the customer returns to *SBC* voice – whether it is a former line sharing or line splitting customer – it gets to keep the same loop. This policy blatantly violates *SBC*’s nondiscrimination obligation under section 251.

Documentation. *SBC*’s March 24 *ex parte* also confirms that *SBC* has also yet to establish accurate and workable documentation to support the “line splitting to UNE-P” scenario. *SBC* now claims that it told CLEC at the March collaborative session that its “hyperlink” to the LSR examples for this scenario was not “operational,” and thus implies that the documentation

¹⁴ AT&T March 19 Ex Parte Letter at 2-3 & DeYoung/Connelly Supp. Decl. ¶¶ 13-15.

¹⁵ *SBC* March 24 Ex Parte Letter, Attachment at 4.

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was there but CLECs simply could not access it. This claim conflicts, however, with SBC's prior admission to AT&T that the LSR example for this scenario had been "inadvertently removed" from SBC's website and would take days to restore.¹⁶ Thus, SBC's attempt to create the impression that its hyperlink was simply not working is highly misleading. In any event, the documentation is inadequate. AT&T has now tried to use the restored documentation to place an order to move a customer from line splitting to UNE-P, and has found that the documentation remains riddled with errors.

After AT&T/Covad submitted this order on March 24, 2003, AT&T called SBC to check on the order status and SBC told AT&T that the order had rejected because AT&T had not used the most recent forms for the order. AT&T pointed out, however, that it had used the forms that were last updated on SBC's website on March 15, 2003, and SBC later agreed that the appropriate forms had been used. Rather, SBC stated that the reject occurred because AT&T had erred by inappropriately populating certain fields on the order when it should not have. Each of these "errors," however, was due to mistakes and inconsistencies in SBC's documentation.¹⁷

4. AT&T's Participation In The Michigan Collaboratives.

SBC goes on at some length in its *ex parte* to criticize AT&T for its failure to raise these issues with SBC in recent Michigan line splitting collaborative sessions. A point-by-point response is unnecessary here, because SBC's recitation fails to address AT&T's basic point. As AT&T has previously shown, AT&T did participate in these collaborative sessions and raised numerous clarifying questions concerning the line splitting scenarios that matter to AT&T. Indeed, at the March 5th collaborative session, SBC's attorney asked AT&T's witness, Sarah DeYoung, to lead the line splitting discussion on behalf of CLECs. AT&T did not raise "new scenarios" for one very good reason – AT&T is not asking for SBC to develop such new scenarios. Rather, AT&T is seeking only to determine if SBC's existing scenarios, which SBC has represented to be appropriate and adequately developed to support the type of orders that AT&T wishes to place, will in fact work as SBC has represented they will. AT&T's experience with SBC shows that these processes do not work.

¹⁶ See SBC March 24 Ex Parte Letter, Attachment at 5. Indeed, SBC's March 24 *ex parte* is internally inconsistent on this point. Although the Attachment to the *ex parte* claims that the documentation was unavailable due to a "hyperlink" problem, Exhibit 3 to the *ex parte*, which is a copy of a filing made to the Michigan Commission following the March collaborative sessions, acknowledges that the LSR example was removed from the website. See *id.*, Exhibit 3 at 2.

¹⁷ For instance, AT&T did not include the VER field because SBC's LSR example also did not include the VER field. Similarly, AT&T included an ECCKT field, even though the LSR example did not, because SBC's LSOR rules require that the ECCKT field be populated.

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5. Versioning at the TPID Level.

Although SBC now claims that it will incur large costs to implement versioning at the TPID level, it fails adequately to respond to the core issue, which is that continue to offer versioning only at the OCN level will render line splitting impractical at commercial volumes. In this regard, SBC errs in stating, in a footnote, that SBC offered to provide CLECs with versioning at the TPID level in exchange for being able to provide versioning as SBC alleges Verizon now does. More fundamentally, AT&T could not accept an approach to versioning in which SBC made available only prior dot.versions of an interface, because SBC's Ameritech systems are too unstable to make that a viable approach.¹⁸

Finally, SBC's response to AT&T's discrimination argument misses the mark. First, SBC claims that its versioning policy does not distinguish between its affiliate - AADS - and Covad or AT&T.¹⁹ But SBC does not deny that its versioning policy does not inhibit its relationship with AADS, and ignores the fact that *any* relationship that SBC develops with an unaffiliated data carrier would also be unconstrained by the versioning limitation that SBC places on CLECs. SBC further claims that its versioning policy is not discriminatory because although carriers can interact "one-on-one" with SBC's ordering systems, a two-carrier interaction with SBC's systems creates "complexities" that justify the differential treatment.²⁰ This argument is untenable, however, because SBC ignores the fact that both Bellsouth and

¹⁸ See, e.g., AT&T Opening Comments at 23; DeYoung/Willard Opening Decl. ¶¶ 152-57.

¹⁹ SBC March 24 Ex Parte Letter, Attachment at 11.

²⁰ *Id.*

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Verizon have established versioning at the trading partner ID level, and have thereby eliminated these so-called “complexities” and given CLECs in those territories the same flexibility as those ILECs have to submit orders in conjunction with third parties.

Yours sincerely,

/s/ Alan C. Geolot

Alan C. Geolot

cc: John P. Stanley
Gina Spade
Marcus Maher
Susan Pié
Ann Schneidewind
Layla Seirafi-Najar
Dorothy Wideman

ATTACHMENT 1



Order Status Service Order Detail

Letter of Authorization on File?(AGAUTH): Yes

Service Order Number (SON):	N0834208088	Service Order Suffix (SOSFX):	F
Working/Account Telephone Number (WTN/ATN):	248-349-0111	Customer Code (CUSCODE):	088
Company Code 2(CC2):	7924	Class of Service(CS):	PU7
Application Date (APPLDT):	20030310	Service Order Issued Date(SOISSDT):	20030310
Service Order Due Date (SODD):	20030314	Service Order Subsequent Due Date (SOSDD):	20030319
Service Order Completed Date(SOCD):	20030318	Service Order Status Code(SOSTATCD):	1P
Service Order Posted Date (SOPDT):		Service Order Status Category(SOSTATCAT):	Originated
Typist ID(TYPID):	L656029	Service Order Status Description (SOSTATDES):	Starting status of order activity and not assigned

Service Order Detail **SD 03-19-03 X**
 (SODETAIL): **SLSS IRNXLKJ**
CRO C2487820737,
D0414362048
SEQ D0414362048
RO C0524071621
PCL ULS PROPRIETARY
ZULS LOA
LRS NA
PRN LINESPLIT
ZBU II, ULS-LOA
ZCPI U
NOCN 7924
FDT 159P
LSRN 20030307L10960-03
SM SS 03-18-2003 1115A
ACIS
---LIST

---BILL
IBN1 REFER 2 RBS 4 PORT
BILLNG
IBA1 350 N ORLEANS
IPO CHICAGO IL 60654
IZAC 3 25
ICI NONE
ISS NONE
ITAR NONE
IZCPIU, O, SYSTEM,
03-07-03
IPON LSWW2003030701

IFTS NONE
INRI 035
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0288
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NRVLMIMNH11/XPOI
NRVLMIMNH11
/NCI 02QC2.OOE/ANR L
/DES CPO, ULS
/RCU ACB, AR, TWC
I1 CXC9X
I1 UXWAC
I1 UXTAC
I1 TGRTA
I1 TGROH
I1 ESM
---RMKS
IRMK NCON LINDA JACOBS
317 917-7235
CCON WALT WILLARD 415
333-7650
RECONFIGURE TO
LINESPLITTING
3-10-03 DD HELD X FOR BAN
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UPDATD ON BAN LIST PER
J.BRYAN
L.HUTTO & M.PLAVSIC--
LJ6265
3-10-03 B,C,D COPIES TO
CORRCT
SDD DUE TO TIRKS--LJ6265
3-12 CHG DD TO 3-19 PER TC
REV
--LJ6265 3-18 CAN
N0834208088
& REISSUE N0834228826-
ORD WAS
CAN BY SVC ORD PROV IN
WFAC
BUT NOONE KNOWS WHY-
LJ6265
---ASGM(B)
G1 TN 248 349-
0111/CLT .SXRU.248.
349.0111
IOE AA28-0-02-15/FDT/EXK
248 348
/TN 248 349-0111/LPS/DF
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USOC/FID 

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VERIFICATION PAGE

I hereby declare under penalty of perjury that the foregoing is true and accurate to the best of my knowledge and belief.

/s/ Walter Willard
Walter Willard

March 28, 2003